

## **SECTION I. ROYALTY REPORTING REQUIREMENTS OVERVIEW**

### **A. OVERVIEW:**

The following overview describes the format, coding, and procedures for the State of Alaska, Department of Natural Resources, Division of Oil and Gas (DO&G) Royalty Report filing. More detailed instructions for each of the schedules and supplemental reporting that must be filed in meeting lease and regulatory requirements follows in Sections II and III of these instructions.

The Royalty Report filing standardizes oil and gas royalty reporting and payments for all lessees. A complete Royalty Report filing consists of all the following parts as applicable to each Accounting Unit:

1. Current-Production-Month Reporting:
  - a. Royalty Operator Report: Schedule O1
    - i. 'Oil Report', and/or
    - ii. 'Gas Report'
  - b. Royalty Valuation Report: Schedule A1
    - i. 'Oil Report', and/or
    - ii. 'Gas Report'
  - c. Royalty And NPSL Payment Summary Report: S1
  - d. Royalty Supplemental Reports
2. Prior Production Month Revisions:
  - a. Revisions to any of the above reports that are necessary to correct previously filed reports or supplemental reports.
3. Royalty Payment(s):
  - a. Payment as a lump sum for all 'Oil Report' and 'Gas Report' royalties, or as segregated payments by Product Groups, or segregated payments by Accounting Units.

Information for the reports listed in one and two above must be organized by Product Groups as described in Section II of these instructions. Report Oil and NGL Product Groups production data on the 'Oil Report' Royalty Operator Report and/or report Gas Products Group data on the 'Gas Report' Royalty Operator Report. Report Oil and NGL Products Groups royalty valuation data on the 'Oil Report' Royalty Valuation Report and/or report Gas Products Group data on the 'Gas Report' Royalty Valuation Report. Cross-reference Royalty Valuation and Royalty And NPSL Payment Summary Reports with Royalty Payments using a Control Number described in Section V Appendix A-12. Royalty payments and corresponding Royalty And NPSL Payment Summary Reports must include complete payments and corresponding Royalty Valuation Reports as described in Section II of these instructions.

Each lessee must file, monthly, all schedules required for the Current-Production-Month for each active Accounting Unit in which they have lease ownership. An "Accounting Unit" is any Operation, Lease, Unit, or Participating Area that constitutes a single production, financial and reporting entity. DO&G assigns Accounting Units for any operation, lease, unit or participating area from which a petroleum product is produced for any length of time. DO&G identifies Accounting Units as 'active' or 'inactive' based on whether a lessee produces or has produced oil, gas, or associated substances from the Accounting Unit. DO&G considers Accounting Units with intermittent production in 'active status' even during periods of no production. Once an Accounting Unit becomes 'active' it remains 'active' until the Accounting Unit is 'abandoned'.

A single lessee may file and pay for all lessees in an Accounting Unit. However, all lessees in the Accounting Unit must formally agree in writing to this reporting and payment arrangement. In addition, the Commissioner of the Department of Natural Resources, hereafter referred to as the Commissioner, must approve this arrangement in writing.

NOTE: According to all lease agreements, it is the ultimate responsibility of each lessee to ensure that their royalty obligation on each of their leases has been met, regardless of any operating or payment agreements in effect.

'Oil Report' and 'Gas Report' Royalty Reports will be filed electronically and consist of real numbers and not formulas. Electronically filed reports must follow the guidelines set forth in Section III and as agreed to by the State and the Lessee as set forth in an approved Electronic Commerce Agreement. A letter will be sent to each lessee notifying them of the deadline for compliance with regulations '11AAC 04 Payment of Oil and Gas Royalties, Rents, and Bonuses' and these instructions. Each lessee must initiate an Electronic Commerce Agreement within sixty days of the notice for compliance with these instructions. Hard copies of all reports being filed as of November 1, 1997 will continue to be filed in hard copy with the originals mailed to the address in Part 'H' of this section. Continue to send hard copy reports UNTIL SPECIFIED OTHERWISE IN A SIGNED approved Electronic Commerce Agreement.

All Royalty Operator, Royalty Valuation, or Royalty Payment Summary reports that are filed electronically should be file and contained in one file. If one or more reports contain errors and need to be refilled, the refilled reports should be sent as a new filing. The new filing must only contain those reports that previously contained errors. Do not refile the entire original filing.

If the original filing is illegible, i.e. none of or most of the files could not be read by DO&G, refile the entire original filing.

All payments must be submitted electronically using Automated Clearing House (ACH) payment procedures. All ACH payments must be in CCD+ format with an addenda record reporting the Control Number described in these instructions.

DO&G will assess an Administrative Fee of \$75.00 per day for each Accounting Unit with incomplete reports or missing reports required for a Royalty Report filing in accordance with regulation AAC 04.080 included in Section V Appendix B of these instructions.

## **B. ROYALTY OPERATOR REPORT (SCHEDULE O1) REPORTING REQUIREMENTS:**

A Royalty Operator Report must be filed monthly by the lessee who is designated the operator of an active Accounting Unit. If the operator of an Accounting Unit is not a lessee but instead is a third party hired to operate the Accounting Unit, then the lessees in the Accounting Unit must designate in writing one of the participating lessees to file the Royalty Operator Report. In the event the designated operator report filer does not file the required report(s), each lessee is responsible for filing the required report(s).

Report royalty operator information for all active Accounting Units, based on the lease agreement requirements to report all production from a lease, on a Royalty Operator Report (Schedule O1) described in detail in Section II of these instructions. A copy of a blank Schedule O1 is included in Section II Part A. The information and the codes used may vary from one Accounting Unit to another because information requirements vary according to products and operational activities within each Accounting Unit. The example found in Section II Part A is a generic example and is not a definitive example for every lessee in every Accounting Unit.

Unique information requirements, associated with each lessee's reporting, are identified by joint discussion between DO&G and the lessee and documented and agreed to in a jointly approved Electronic Commerce Agreement. A generic version of a basic Electronic Commerce Agreement can be found in Section IV Part A. The Electronic Commerce Agreement document will be modified as needed to describe individual lessee requirements that are appropriate for each lessee's specific activities.

Royalty Operator Reports must be filed monthly for each active Accounting Unit. A report must be filed even during periods when the quantity produced, royalty due, or royalty paid is zero. Continue filing a Royalty Operator Report for each active Accounting Unit until the Accounting Unit is abandoned. Report Oil and NGL Product Groups production data on the 'Oil report' Royalty Operator Report and/or report Gas Products Group data on the 'Gas Report' Royalty Operator Report.

A Royalty Operator Report includes data about the Quantity, Disposition, and the Allocation of production to the lessees in an Accounting Unit. Operators, who distribute production to sales points for a lessee participating in the Accounting Unit, must cross-reference the allocation of production Quantity to the sales points using a Selling Arrangement(s) code assigned by the DO&G.

The operator must also report:

1. The allocation of Offtake from the Accounting Unit to each lessor. For example, when two or more lessors own the land, such as State, Federal and Private owners, the Offtake quantity must be allocated to each land owner according to their entitlement;
2. The lessee Offtake entitlement imbalance information, including Current-Production-Month Offtake entitlement over/underlifts, the previous accumulated Offtake entitlement imbalance totals, and the ending accumulated Offtake entitlement imbalance totals; and,
3. Imbalances for production held in inventory or reinjected gas reserves. The oil inventory or reinjected gas reserve balances should include; Current-Production-Month production reserve/inventory entitlement allocations, previous accumulated allocated reserve/inventory entitlement totals, and the ending accumulated reserve/inventory entitlement balance totals.

Report quantities as follows:

1. All 'Oil Report' (BLS), 'Gas Report' (MCF), or other quantities are to be rounded to the second decimal place (round 2nd decimal up one if the 3rd decimal is five or higher) or per applicable agreement with the State.
2. All negative numbers must be preceded by a minus (-) sign.

Report dates in exactly one of the following formats depending on the format required.

1. Report Month-Day-Year formats as 'mmddyyyy'.
2. Report Month-Year formats as 'mmyyyy'.

File complete revisions of original Royalty Operator Reports following the same rules as for the original report. A complete report must include all the Products and Dispositions reported on the original filing. If Product/Dispositions reported on the previous report are no longer assigned production on the revised report, that Product/Disposition must be reported on the revision with zero production assigned to it. Reporting in this manner reverses previous allocations of production to that Product/Disposition. Report any new or additional Products or Dispositions with the appropriate Allocation of production. Make corrections or additions as necessary to report a complete allocation of all quantities produced from the Accounting Unit for the Production Month revised.

## **C. ROYALTY VALUATION REPORT (SCHEDULE A1) REPORTING REQUIREMENTS:**

A Royalty Valuation Report must be filed monthly by lessees, who own leases in active Accounting Units that produced royalty bearing volumes. A lessee reports royalty information for all active Accounting Units on a Royalty Valuation Report (Schedule A1) described in detail in Section II Part B. A blank copy of the paper form is in Section II Part B. The information and the codes used may vary from one Accounting Unit to another because some information requirements may vary according to the products produced and the operational activities conducted within an individual Accounting Unit. The example found in Section II Part B is a generic example of a Royalty Valuation Report and is not a definitive example for every lessee in every Accounting Unit.

Unique information requirements associated with each lessee's reporting will be identified by joint discussion between the State and the lessee and documented and agreed upon in a jointly approved Electronic Commerce Agreement. A generic version of a basic Electronic Commerce Agreement is included in Section IV Part A. The Electronic Commerce Agreement document will be modified as needed to describe individual lessee requirements that are appropriate for their specific activities.

File a Royalty Valuation Report monthly for each active Accounting Unit in which a lessee owns leases that produced royalty-bearing quantities. Continue filing a Royalty Valuation Report for each active Accounting Unit that produces royalty-bearing volumes until the Accounting Unit is abandoned. Report Oil and NGL Products Groups royalty valuation data on the 'Oil Report' Royalty Valuation Report and/or report Gas Products Group data on the 'Gas Report' Royalty Valuation Report.

Report all royalty Quantities with their associated Values and Amounts by their unique groupings of Product/Disposition/Lease Type/Selling Arrangement combinations. When Product-Disposition-Lease Type combinations are valued under different valuation methods (Selling Arrangements), for example, when the same Product/Disposition/Lease Type is sold under multiple contracts, details of Quantity, Value, and Amount must be reported for each contracted sale. Information must be sufficient to clearly describe how to derive the total royalty amount paid.

Report Quantities, Values, and Amounts must be reported as follows:

1. Round all 'Oil Report' (BLS), 'Gas Report' (MCF), or other quantities on the Royalty Valuation Report to the second decimal place (round 2nd decimal up one if the 3rd decimal is five or higher) or per valid applicable agreement with the State.
2. Report all values to the fifth decimal place (round fifth decimal up one if the sixth decimal is five or higher) or according to other valid applicable contractual agreements. For example, tax reimbursements may require up to eight or nine decimal places to report the fractional value per unit of quantity.
3. Report all negative numbers by preceding them with a minus (-) sign.
4. Report all amounts to the nearest U.S. cent.

Report dates in exactly one of the following formats depending on the format required.

1. Report Month-Day-Year formats as 'mmddyyyy'.
2. Report Month-Year formats as 'mmyyyy'.

#### **D. ROYALTY AND NPSL PAYMENT SUMMARY REPORT (SCHEDULE S1) REPORTING REQUIREMENTS:**

A lessee must file a Royalty And NPSL Payment Summary Report (Schedule S1) whenever a lessee makes a payment to the State of Alaska for oil and gas royalties. Report payment summary information on a Royalty And NPSL Payment Summary Report (Schedule S1) as described in detail in Section II Part C. A copy of a blank form is in Section II Part C. The information and the codes used may vary from one lessee to another because the information requirements vary according to products and operational activities within each Accounting Unit. The example found in Section II Part C is a generic example of a Royalty And NPSL Payment Summary Report and is not a definitive example for every lessee in every Accounting Unit.

Unique information requirements associated with each lessee's reporting will be identified by joint discussion between the State and the lessee and documented and agreed upon in a jointly approved Electronic Commerce Agreement. A generic version of a basic Electronic Commerce Agreement is included in Section IV Part A. The Electronic Commerce Agreement document will be modified as needed to describe individual lessee requirements that are appropriate for their specific activities.

A Royalty And NPSL Payment Summary Report must be filed for each payment made by a lessee. For example, if a lessee pays royalties with a single payment for all Accounting Units that they participate in for the Current-Production-Month, a Royalty And NPSL Payment Summary Report (Schedule S1) must be filed with that payment. If a lessee chooses to make separate payments for each Accounting Unit they participate in during a Current-Production-Month, a separate Royalty And NPSL Payment Summary Report must be filed for each payment the lessee makes.

Royalty payments must be paid and reported by the following Royalty And NPSL Payment Summary Categories as described in detail in Section II.

Oil Product Group and NGL Product Group	as an	'Oil Report'
Gas Product Group	as a	'Gas Report'

Payments must be paid and reported as follows:

1. Report all negative numbers by preceding them with a minus (-) sign.
2. Make payment amounts to the nearest U.S. cent.

Report dates in exactly one of the following formats depending on the format required.

1. Report Month-Day-Year formats as 'mmddyyyy'.
2. Report Month-Year formats as 'mmyyyy'.

## **E. ROYALTY SUPPLEMENTAL REPORTS:**

Lessees must file supplemental report data electronically whenever possible. Specifics on what will be acceptable for electronic filings and what may need to remain as paper filings will be specified in the individual lessee's Electronic Commerce Agreement. The following supplemental information should be included with your Royalty Report:

### **Operator Report Filings:**

- 1) Lease owners or their designated 'Operator' must submit meter run tickets, or equivalents as approved by DO&G, and supporting schedules for the gross production, net production, and all dispositions to individual lessees. Lease owners or their designated 'Operator' must also report sales point deliveries when the operator makes those deliveries on behalf of lessees in the Accounting Unit.
- 2) Lease owners or their designated 'Operator' may not be required to file separate copies of the run tickets and supporting schedules in the future should a consolidated oil and gas production report be implemented to meet all state agencies oil and gas production reporting requirements.

### **Royalty Report Filings:**

- 1) Copies of sales invoices should be attached to support values and amounts reported for any Product sold or removed from the Accounting Unit through lessee contracts with specific purchasers.
- 2) Data to support the lessees value calculation in accordance with lessee's lease, settlement, or other agreements. Supporting documentation may include, but are not limited to such items as market basket calculations, posted prices, quality adjustments, tariffs, marine costs, etc.

### **Payment Summary Filings:**

- 1) Any information or schedules needed to support the electronic fund transfer, federal wire transfer, or check payment.

Lessees may obtain specific instructions or directions from the DO&G if they are uncertain as to what to include. Hard copies of all supplemental reports being filed as of November 1, 1997 will continue to be filed in hard copy with the originals mailed to the mailing address specified in Part G of this Section until specified otherwise in a State approved Electronic Commerce Agreement with individual lessees.

## **F. ROYALTY REPORT FILING DEADLINE:**

The Royalty Report Filing is due in accordance with regulation, 11AAC 04.040 found in Section V Appendix B.

## **G. ROYALTY REPORT FILING ADDRESS:**

Each lessee will become a designated electronic reporter when a joint State Electronic Commerce Agreement is completed and signed by both parties. The Electronic Commerce Agreement will specify the requirements, understandings, and formats to which the State and the lessee agree to process an electronic Royalty Report filing with DO&G.

In the absence of a signed Electronic Commerce Agreement, fax the paper Royalty Report filing to:

907-269-8939  
State of Alaska  
Department of Natural Resources  
Division of Oil and Gas  
ATTN: Royalty Accounting

Mail a signed original to:

State of Alaska  
Department of Natural Resources  
Division of Oil and Gas  
ATTN: Royalty Accounting  
550 West 7<sup>th</sup> Avenue, Suite 800  
Anchorage, Alaska 99501-3560

## **H. PAYMENT REQUIREMENTS AND DEADLINE:**

These Royalty Reporting Instructions describe how to provide supporting documentation for lessee payments for 'Oil Report' and 'Gas Report' royalty payments. In addition, these instructions include the specific procedures for making payments for 'Oil Report' and 'Gas Report' royalties. Procedures for submitting Royalty Report filings and procedures for making electronic payments of royalties are two distinct processes. Lessees must take extra care in following the correct procedure for either submitting Royalty Report filings or making payments as the case may be.

All payments must be submitted electronically using Automatic Clearing House (ACH) payment procedures. All ACH payments must be in CCD+ format with an addenda record reporting the Control Number described in Section II-D of these instructions.

Notification of a payment must be faxed to the Department of Revenue, Treasury Division two business days (48 hours) prior to the time you plan to make payment. A copy of the notification and more detailed instructions are in Section II-D of these instructions.

Questions or phone contact with the Treasury Division concerning specific payment transactions can be directed to:

Bronze Ickes  
State of Alaska  
Department of Revenue, Treasury Division  
P.O. Box 110406  
Juneau, AK 99811-0406

Telephone: (907) 465-2363  
Fax: (907) 465-4019

## **I. ADMINISTRATIVE FEES:**

DO&G will assess an Administrative Fee of \$75.00 per day for each Accounting Unit with an incomplete or missing report required for a Royalty Report filing, as noted on page I-1 of these instructions, in accordance with regulation AAC 04.080 included in Section V Part B.

### **Report Definition:**

A report for purposes of charging the Administrative Fee is any one of the following:

- Royalty Operator Report – By Accounting Unit and Production Month
- Royalty Valuation Report – By Accounting Unit and Production Month
- Royalty And NPSL Payment Summary Report – Per Payment
- Royalty Operator Report – By Accounting Unit (Revision) and Production Month
- Royalty Valuation Report – By Accounting Unit (Revision) and Production Month
- Royalty And NPSL Payment Summary Report – Per Payment (Revision)
- Supplemental Reports - Are considered, as a set or group of reports required of a lessee, to be one report per month (or quarter or year as applicable) even when the set of reports may apply to more than one Accounting Unit that a lessee is required to report. Supplemental Reports may be attachments to either the Royalty Operator Report or the Royalty Valuation Report. Not all lessees are required to file supplemental reports.

**Missing or Incomplete Definition:**

A report not filed by the due date is defined as missing until it is filed.

A report that does not contain required data is defined as incomplete until all missing data have been filed. The missing data must have been previously identified in writing as required.

**Fee Assessment:**

The DO&G will notify the lessee by fax, email or letter of missing or incomplete reports.

The Administrative Fee begins accruing on the calendar day after the lessee is notified of a missing or incomplete report, provided the day of notification occurs on the last business day of the month, or later, for the current production month. If the notification is sent before the day the report is due, the fee will not be assessed until the day after the due date of the report.

Fax notification with confirmation or Email notification with confirmation will be deemed as notified in writing.

If more than one report per Accounting Unit is missing or incomplete, an Administrative Fee of \$75.00 per day is charged for the Accounting Unit until all incomplete reports are completed and filed and all missing reports are filed for the affected Accounting Unit.

**Fee Assessment for Electronic Commerce Agreement (ECA):**

The deadline for compliance and signature to an ECA was August 31, 1999. A lessee must have a signed ECA by August 31, 1999 or be charged an Administrative Fee of \$75.00 per day for non-compliance with the regulations, unless the Director of DO&G agrees to waive the fee for good cause.

**Fee Invoicing:**

Fees will be invoiced once a month for the period of the 16<sup>th</sup> of the previous month through the 15<sup>th</sup> of the current month for all reports that were missing or incomplete for any days within the invoicing period. The \$75.00 Administrative Fee will continue to accrue for the Accounting Units with missing reports or incomplete data until the missing or incomplete reports are filed. Each invoice will contain an invoice date that must be reported on the Royalty And NPSL Payment Summary when reporting and making payment for invoiced Administrative Fees. Interest will be charged on administrative fees that are invoiced and not paid by the invoice due date at the rate established by AS 38.05.135 (d) beginning on the invoice due date.

**Examples:**

1.     Reports Filed:  
          August                   Production Month  
          September            Report Month  
          September 30<sup>th</sup>       August Production Month reports are due.  
          September 27<sup>th</sup>       The lessee files the reports and staff process the reports. One report is  
  found to be missing.  
          September 28<sup>th</sup>       The lessee is notified of the missing report.  
          September 30<sup>th</sup>       The lessee files the missing report.  
  
          Fee Summary:  
                                  No Administrative Fee is charged.  
                                  Total charge \$0.00.
  
2.     Reports Filed:  
          August                   Production Month  
          September            Report Month  
          September 30<sup>th</sup>       August Production Month reports are due.  
          October 3<sup>rd</sup>           Reports are process by DO&G staff. For one Accounting Unit, one  
  report is found to be missing and another report is incomplete because  
  of missing data.  
          October 3<sup>rd</sup>           The lessee is notified of the reporting deficiencies.  
          October 3<sup>rd</sup>           The lessee completes the missing report, corrects the incomplete  
  report, and files both reports.  
  
          Fee Summary:  
                                  A charge of \$0.00 day is assessed against the lessee.  
  
                                  Total charge \$0.00.

3. Reports Filed:

August	Production Month
September	Report Month
September 30 <sup>th</sup>	August Production Month reports are due.
October 3 <sup>rd</sup>	Reports are processed by DO&G staff. One report is found to be missing for Accounting Unit A and another report is incomplete for Accounting Unit B because of missing data.
October 3 <sup>rd</sup>	The lessee is notified of the reporting deficiencies.
October 4 <sup>th</sup>	The fee assessment begins at \$75.00 per day, for Production Month of August, for each Accounting Unit having either the missing or incomplete reports.
October 4 <sup>th</sup>	The lessee completes the missing report for Accounting Unit A and files that report.
October 5 <sup>th</sup>	The lessee completes the incomplete report for Accounting Unit B and files that report.

Fee Summary:

A charge of \$75.00 per day for Accounting Unit A is assessed against the lessee for the missing report for the 4<sup>th</sup>. (\$75.00)

A charge of \$75.00 per day for Accounting Unit B is assessed against the lessee for the incomplete report for the 4<sup>th</sup> and 5<sup>th</sup>. (\$150.00)

Total charge \$225.00.

4. Reports Filed:

August	Production Month
September	Report Month
September 30 <sup>th</sup>	August Production Month reports are due.
October 3 <sup>rd</sup>	Reports are process by DO&G staff. One report is found to be missing for Accounting Unit A and another report is incomplete because of missing data for Accounting Unit B.
October 3 <sup>rd</sup>	The lessee is notified of the reporting deficiencies.
October 4 <sup>th</sup>	The fee assessment begins at \$75.00 per day for each Accounting Unit with the missing or incomplete reports.
October 4 <sup>th</sup>	The lessee is notified of an incomplete report for Accounting Unit A in addition to the earlier notifications.
October 4 <sup>th</sup>	The lessee completes all incomplete and missing reports and files them.

Fee Summary:

A charge of \$75.00 per day is assessed against the lessee for Accounting Unit A for the 4<sup>th</sup> for the incomplete report noticed on October 3<sup>rd</sup> and filed on October 4<sup>th</sup>. (\$75.00)

A charge of \$75.00 per day is assessed against the lessee for the 4<sup>th</sup> for Accounting Unit B for the incomplete report noticed on October 3<sup>rd</sup> and filed on October 4<sup>th</sup>. (\$75.00)

A charge of \$0.00 per day is assessed against the lessee for the incomplete report noticed on October 4<sup>th</sup> for Accounting Unit A and filed on October 4<sup>th</sup>.

Total charge \$150.00.

5. Reports Filed:

August  
September  
September 30<sup>th</sup>  
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Production Month  
Report Month  
August Production Month reports are due.

October 3<sup>rd</sup>

Reports are processed by DO&G staff. One report for Accounting Unit A, August Production Month, is found to be missing and another report for Accounting Unit B, August Production Month, is incomplete because of missing data.

October 3<sup>rd</sup>  
October 4<sup>th</sup>

The lessee is notified of the reporting deficiencies.  
The fee assessment begins at \$75.00 per day, for each Accounting Unit, for August Production Month, with missing or incomplete reports noticed on October 3<sup>rd</sup>.

October 4<sup>th</sup>

The lessee is notified of another incomplete report for Accounting Unit B, August Production Month, in addition to the earlier notifications.

September  
October  
October 31<sup>st</sup>  
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Production Month  
Report Month  
September Production Month reports are due.

October 4<sup>th</sup>

The lessee completes the incomplete report for Accounting Unit A and the missing reports noticed on October 3<sup>rd</sup> for Accounting Unit B and files them.

October 31<sup>st</sup>

The lessee is notified that his filing in October for Accounting Unit A for September Production Month, has a missing report.

November 1<sup>st</sup>

The fee assessment begins at \$75.00 per day for the report noticed on October 31<sup>st</sup>.

November 2<sup>nd</sup>

The lessee completes the missing report for Accounting Unit A, for September Production Month, noticed on October 31<sup>st</sup> and files it.

November 5<sup>th</sup>

The lessee completes the incomplete report for Accounting Unit B, noticed on October 4<sup>th</sup> and files it.

Fee Summary:

A charge of \$75.00 per day is assessed against the lessee for Accounting Unit A, for October 4<sup>th</sup> for the incomplete report noticed on October 3<sup>rd</sup> and filed on October 4<sup>th</sup>. (\$75.00)

A charge of \$75.00 per day is assessed against the lessee for Accounting Unit B for October 4<sup>th</sup> for the incomplete report noticed on October 3<sup>rd</sup> and filed on October 4<sup>th</sup>. (\$75.00)

A charge of \$75.00 per day is assessed against the lessee for Accounting Unit B, for the incomplete report noticed on October 4<sup>th</sup> and filed on November 5<sup>th</sup>. (\$75.00 x 31 = \$2,325.00) (October 5<sup>th</sup> through November 5<sup>th</sup>)

A charge of \$75.00 per day is assessed against the lessee for the missing report for Accounting Unit A, September Production Month, that was noticed on October 31<sup>st</sup> and filed on November 2<sup>nd</sup>. (\$150.00)

Total charge \$2,625.00.